

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 696 – HB 1540

March 2, 2009

SUMMARY OF BILL: Phases out the inheritance tax over a four-year period beginning with tax year 2011 and ending with tax year 2014.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue –

\$18,750,000/FY11-12

\$37,500,000/FY12-13

\$56,500,000/FY13-14

\$75,000,000/FY14-15 and Subsequent Years

Assumptions:

- Given the currently authorized nine-month filing extension, and this bill first impacting the estates of decedents dying in 2011 and thereafter, the Department of Revenue indicates that the first fiscal year impacted would be FY11-12.
- Under current law, the Department of Revenue projects inheritance tax collections for FY11-12 and thereafter to be approximately \$75,000,000 per year.
- Given that this bill reduces the inheritance tax rate with four successive 25 percent increments, it is assumed that inheritance tax collections will decrease by proportional amounts beginning in FY11-12.
- The decreases of inheritance tax collections are estimated to be \$18,750,000 for FY11-12; \$37,500,000 for FY12-13; \$56,500,000 for FY13-14; and \$75,000,000 for FY14-15 and each subsequent year.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized initial "J".

James W. White, Executive Director

/rnc